



ON YOUR SIDE

Financial Results for the three months ended March 31, 2021



May 14, 2021

Financial Summary

| (Unit: billions of yen) | Three months ended Mar. 31, 2021 | Three months ended Mar. 31, 2020 | Changes | |
|--|-------------------------------------|-------------------------------------|--------------|---------------|
| | | | Amount | % |
| Revenue | 537.7 | 439.5 | +98.1 | +22.3 |
| Domestic | 160.0 | 150.0 | +10.0 | +6.7 |
| Overseas | 377.6 | 289.5 | +88.1 | +30.4 |
| Operating profit | 14.5% 77.7 | 6.9% 30.5 | +47.3 | +155.2 |
| Profit before income taxes | 14.6% 78.3 | 7.1% 31.0 | +47.3 | +152.4 |
| Profit attributable to owners of the parent | 9.7% 52.0 | 4.7% 20.8 | +31.3 | +150.7 |

| (Unit: billions of yen) | As of Mar. 31, 2021 | As of Dec. 31, 2020 | Changes | |
|--|------------------------|------------------------|---------------|-------------|
| | | | Amount | % |
| Total assets | 3,384.6 | 3,189.3 | +195.3 | +6.1 |
| Equity attributable to owners of the parent | 1,565.2 | 1,476.0 | +89.2 | +6.0 |

(For reference: Changes excluding the effects of fluctuation in exchange [+3.0 billion yen]
>Overseas revenue in Machinery increased by 30%. Total overseas revenue increased by 29%.)

Revenue by Reportable Segment (Year-on-Year)



Machinery: +97.5 billion yen (Domestic: +9.8, Overseas: +87.7)

Japan

- Sales of farm equipment increased due to a recovery from adverse reaction from rushed demand before the consumption tax hike and increased demand resulting from subsidies for business continuation of farmers.
- Sales of construction machinery (CE) increased due to increased market share, while demand was almost at the same level as the prior year.

North America

- Retail sales of tractors increased significantly due to some positive effects from increased demand along with trend in move to suburbs and new models introduced in the 2nd quarter of the prior fiscal year. On the other hand, growth rate of wholesales of tractors was limited compared with that of retail sales due to delay in shipment caused by port congestion and other effects.
- Retail sales of CE increased significantly along with strong housing-related market resulting from trend in move to suburbs. Wholesales of CE also increased significantly despite a negative effect from delay in shipment caused by port congestion.
- As a result, dealer inventories in the U.S. remained at 3.3 months, which were the same level as the prior fiscal year end, and decreased by 4.3 months from the end of 1st quarter in the prior fiscal year.
- Sales of engines decreased because supply wasn't able to catch up with demand, which has started recovering rapidly in these days, mainly due to suppressed production volume based on the assumption of inventory adjustment by some OEM clients and delay in arrival of container ships.

Europe

- Sales of tractors and CE increased because of a recovery from sluggish demand resulting from temporarily suspended business by dealers along with the infection spread of COVID-19 in the prior fiscal year.
- Sales of engines increased because of a recovery from sluggish demand resulting from a reduction in production volume by OEM clients along with the infection spread of COVID-19 in the prior fiscal year.

Revenue by Reportable Segment (Year-on-Year)



Machinery: +97.5 billion yen (Domestic: +9.8, Overseas: +87.7)

- Asia
- In Thailand, sales of tractors significantly increased due to eased concerns about drought along with favorable weather in the rainy season last year and stable crop prices at a high level. Sales of combine harvesters, implements, and CE increased as well.
 - In China, sales of farm equipment and CE increased significantly due to a recovery from sluggish demand caused by the infection spread of COVID-19 in the prior year. Sales of engines increased significantly due to a continuous recovery of demand for construction and industrial machinery.



Water: +0.8 billion yen (Domestic: 0.4, Overseas: +0.4)

- Japan
- Revenue in pipe- and infrastructure-related products decreased due to decreased sales of ductile iron pipes and construction business resulting from a negative effect from postponed construction period along with a state of emergency.
 - Revenue in environment-related products increased significantly due to substantially increased shipments of drainage pump vehicles.

Operating Profit

| (Unit: billions of yen) | Three months ended Mar. 31, 2021 | | Three months ended Mar. 31, 2020 | | Changes | |
|-------------------------|-------------------------------------|------|-------------------------------------|-----|--------------|--------|
| | Amount | % | Amount | % | Amount | % |
| Operating profit | 77.7 | 14.5 | 30.5 | 6.9 | +47.3 | +155.2 |

Factors affecting operating profit (YoY change +47.3 billion yen)

| | | | |
|--|--|--|--------------------------|
| 1. Fluctuation in exchange rates | US\$ (109→106 *1) Euro (120→128 *1) Other currencies | -3.5 billion yen +1.0 billion yen +2.0 billion yen | -0.5 billion yen |
| 2. Foreign exchange gain/loss | | | +6.8 billion yen |
| 3. Material | Machinery Water | -1.0 billion yen 0.0 billion yen | -1.0 billion yen |
| 4. Change in sales incentive ratio | North America : +1.3 billion yen, etc. | | +1.5 billion yen |
| 5. Impact of increased or decreased sales | | | +28.0 billion yen |
| 6. Sales price increase | | | +2.0 billion yen |
| 7. Other | | | +10.5 billion yen |

*1: Exchange rates, which affected profit of exported products from Japan in consideration of the period of transportation and inventory, were as follows: US\$:109→105 Euro:120→125

Accompanying Materials

Exchange Rate

| | | | Year ending Dec. 31, 2021 | Year ended Dec. 31, 2020 |
|--------|--|-------------------------------|------------------------------|-----------------------------|
| | | | (Actual) | (Actual) |
| ¥/US\$ | | 1st quarter (Jan.-Mar.) | 106 | 109 |
| | | 1st half (Jan.-Jun.) | - | 108 |
| | | 2nd half (Jul.-Dec.) | - | 105 |
| | | Full year average (Jan.-Dec.) | - | 107 |
| ¥/Euro | | 1st quarter (Jan.-Mar.) | 128 | 120 |
| | | 1st half (Jan.-Jun.) | - | 119 |
| | | 2nd half (Jul.-Dec.) | - | 124 |
| | | Full year average (Jan.-Dec.) | - | 122 |

| | | | |
|--------|-------------------------|-----|-----|
| ¥/US\$ | 1st quarter end (Mar.) | 111 | 109 |
| | 2nd quarter end (Jun.) | - | 108 |
| | 3rd quarter end (Sept.) | - | 106 |
| | 4th quarter end (Dec.) | - | 104 |
| ¥/Euro | 1st quarter end (Mar.) | 130 | 120 |
| | 2nd quarter end (Jun.) | - | 121 |
| | 3rd quarter end (Sept.) | - | 124 |
| | 4th quarter end (Dec.) | - | 127 |

Exchange Rate

| | | | Year ending Dec. 31, 2021 | Year ended Dec. 31, 2020 |
|-------|--|-------------------------------|------------------------------|-----------------------------|
| | | | (Actual) | (Actual) |
| ¥/THB | | 1st quarter (Jan.-Mar.) | 3.50 | 3.49 |
| | | 1st half (Jan.-Jun.) | - | 3.43 |
| | | 2nd half (Jul.-Dec.) | - | 3.41 |
| | | Full year average (Jan.-Dec.) | - | 3.42 |
| ¥/RMB | | 1st quarter (Jan.-Mar.) | 16.36 | 15.60 |
| | | 1st half (Jan.-Jun.) | - | 15.39 |
| | | 2nd half (Jul.-Dec.) | - | 15.58 |
| | | Full year average (Jan.-Dec.) | - | 15.48 |

| | | | | |
|-------|--|-------------------------|--------------|--------------|
| ¥/THB | | 1st quarter end (Mar.) | 3.54 | 3.34 |
| | | 2nd quarter end (Jun.) | - | 3.49 |
| | | 3rd quarter end (Sept.) | - | 3.34 |
| | | 4th quarter end (Dec.) | - | 3.44 |
| ¥/RMB | | 1st quarter end (Mar.) | 16.84 | 15.31 |
| | | 2nd quarter end (Jun.) | - | 15.23 |
| | | 3rd quarter end (Sept.) | - | 15.54 |
| | | 4th quarter end (Dec.) | - | 15.88 |

Reference Data (Revenue in Machinery by product and region)

■ Revenue in Machinery by product and region for the three months ended March 31, 2021

| (Unit: billions of yen) | Tractors | | Combine harvesters and rice transplanters | | Engines | | CE | | Finance income* | | Others | | Machinery total** | |
|-------------------------|--------------|--------------|---|--------------|--------------|--------------|--------------|--------------|-----------------|--------------|--------------|--------------|-------------------|--------------|
| | FY2021 1Q | FY2020 1Q | FY2021 1Q | FY2020 1Q | FY2021 1Q | FY2020 1Q | FY2021 1Q | FY2020 1Q | FY2021 1Q | FY2020 1Q | FY2021 1Q | FY2020 1Q | FY2021 1Q | FY2020 1Q |
| Japan | 15 | 13 | 8 | 7 | 5 | 5 | 8 | 8 | 1 | 1 | 38 | 33 | 76 | 66 |
| North America | 83 | 74 | 0 | 0 | 12 | 13 | 42 | 26 | 13 | 12 | 27 | 21 | 178 | 147 |
| Europe | 14 | 12 | 0 | 0 | 11 | 9 | 25 | 21 | 0 | 0 | 20 | 17 | 69 | 59 |
| Asia | 39 | 26 | 26 | 15 | 9 | 7 | 6 | 4 | 6 | 5 | 15 | 9 | 102 | 66 |
| Others | 10 | 4 | 0 | 0 | 1 | 1 | 6 | 1 | 0 | 0 | 3 | 2 | 20 | 9 |
| Total** | 161 | 129 | 34 | 22 | 38 | 35 | 87 | 61 | 21 | 19 | 103 | 82 | 444 | 347 |

* Beginning with the year ending December 31, 2021, in conformity with the change in the business reporting structure, the amounts related to "financial service business" are reported in "Finance income" in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment. Therefore, the information for the prior fiscal year was retrospectively adjusted to conform to the current year's presentation.

** "Total" of each product and each region may not match the total of revenue by product and region because revenue by product and region is rounded to the nearest billion yen.

Supplementary data of U.S.

■ YoY growth rate of retail sales units in the tractor market by horsepower

| | | Jan.-Mar. | Apr.-Jun. | Jul.-Sept. | Oct.-Dec. | Jan.-Jun. | Jan.-Sept. | Jan.-Dec. |
|------|-----------|-----------|-----------|------------|-----------|-----------|------------|-----------|
| 2020 | 0-40hp | -8.9% | +24.0% | +28.2% | +33.3% | +13.3% | +18.0% | +21.0% |
| | 40-120hp | -5.1% | +13.9% | +17.1% | +21.6% | +6.5% | +10.3% | +13.1% |
| | 120-160hp | -14.1% | +9.2% | -10.4% | +8.8% | -0.1% | -3.9% | -0.3% |
| 2021 | 0-40hp | +64.3% | - | - | - | - | - | - |
| | 40-120hp | +34.0% | - | - | - | - | - | - |
| | 120-160hp | +29.8% | - | - | - | - | - | - |

Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in the mini-excavator market (0-8t)

| | | Jan.-Mar. | Apr.-Jun. | Jul.-Sept. | Oct.-Dec. | Jan.-Jun. | Jan.-Sept. | Jan.-Dec. |
|------|--|-----------|-----------|------------|-----------|-----------|------------|-----------|
| 2020 | | +4.5% | -4.4% | +20.2% | +27.5% | -1.0% | +6.1% | +12.0% |
| 2021 | | +38.0% | - | - | - | - | - | - |

Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in the compact track loaders market

| | | Jan.-Mar. | Apr.-Jun. | Jul.-Sept. | Oct.-Dec. | Jan.-Jun. | Jan.-Sept. | Jan.-Dec. |
|------|--|-----------|-----------|------------|-----------|-----------|------------|-----------|
| 2020 | | +2.2% | -0.1% | +25.0% | +24.7% | +0.8% | +9.0% | +13.8% |
| 2021 | | +46.5% | - | - | - | - | - | - |

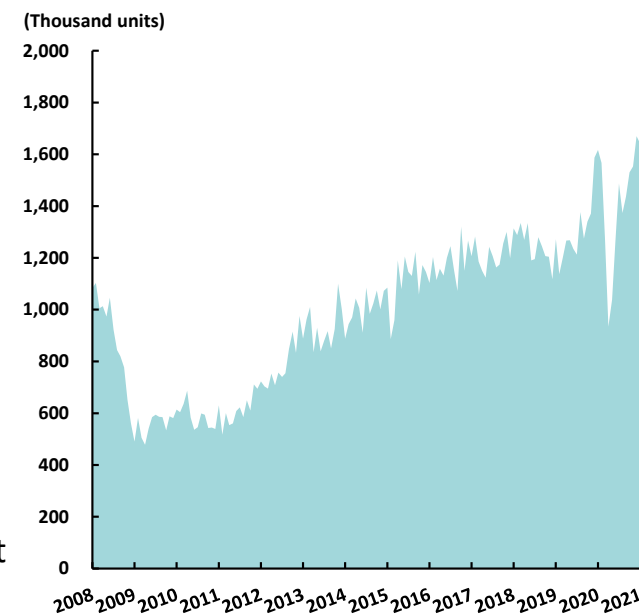
Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in the skid steer loaders market

| | | Jan.-Mar. | Apr.-Jun. | Jul.-Sept. | Oct.-Dec. | Jan.-Jun. | Jan.-Sept. | Jan.-Dec. |
|------|--|-----------|-----------|------------|-----------|-----------|------------|-----------|
| 2020 | | -10.9% | -23.6% | +6.4% | -0.8% | -18.0% | -10.4% | -6.9% |
| 2021 | | +14.8% | - | - | - | - | - | - |

Source: AEM (Association of Equipment Manufacturers)

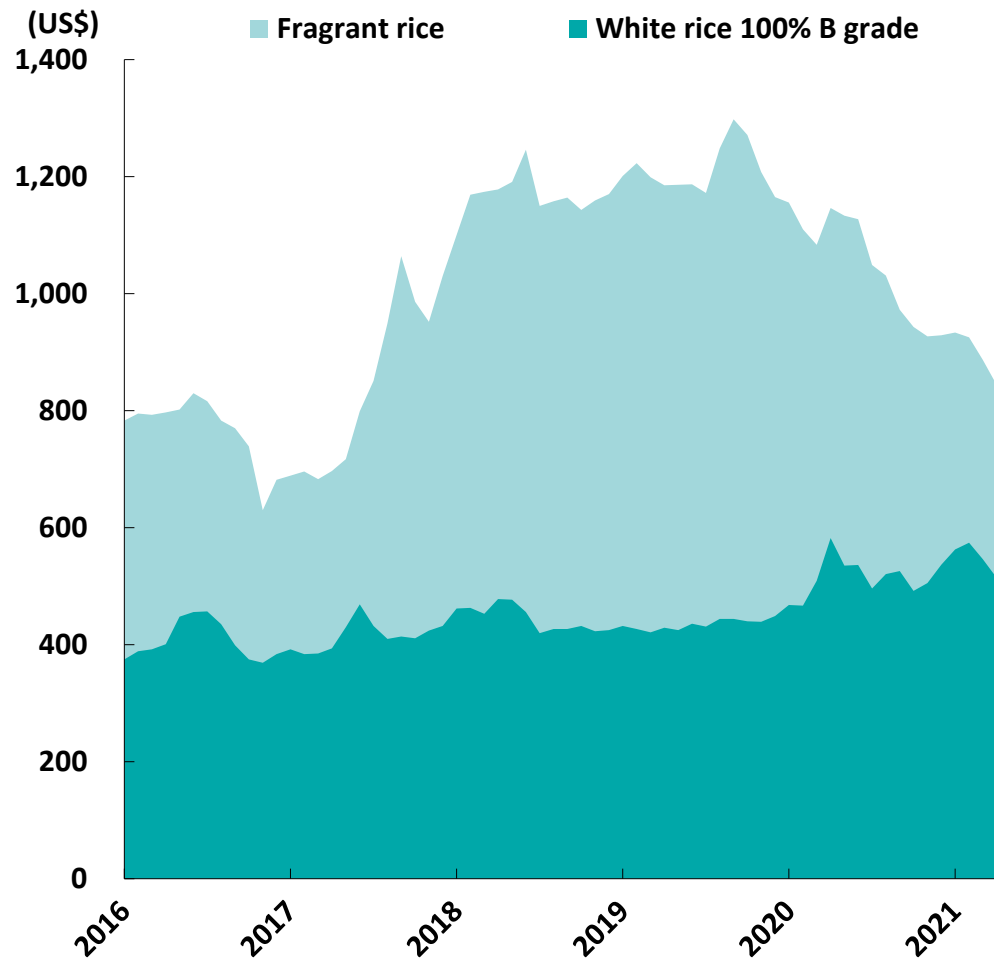
■ New privately owned housing units started (Seasonally adjusted annual rate)



Source: U.S. Census Bureau

Reference Data (Thailand)

■ Export price of Thai rice (US\$/t)



Source: USDA, Thai Rice Exporters Association

Cautionary Statements with Respect to Forward-Looking Statements

This document may contain forward-looking statements that are based on management's expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company's markets, particularly government agricultural policies, levels of capital expenditures both in public and private sectors, foreign currency exchange rates, the occurrence of natural disasters, continued competitive pricing pressures in the marketplace, as well as the Company's ability to continue to gain acceptance of its products.



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